



March 31, 2021

Honorable Erica A. Barker
Secretary, U.S. Postal Regulatory Commission
901 New York Avenue, NW, Suite 200
Washington, DC 20268-0001

Dear Ms. Barker:

Pursuant to 39 U.S.C. § 407(d), the United States Postal Service (Postal Service) is hereby providing the Commission with a copy of a commercial agreement of the Kahala Posts Group (KPG) to which the Postal Service and various foreign postal operators are parties, known as the KPG Strategic Services Agreement 2021.¹

A redacted version of this agreement is attached to this letter as Attachment 2. The non-public, unredacted version of the agreement is being filed under seal and is marked "Confidential" and "Non-Public" because it contains information considered confidential and commercially sensitive by the parties to the agreement. Further, the Postal Service considers certain portions of the document to be protected by 39 U.S.C. § 410(c)(2) and Exemptions 3 & 4 of the Freedom of Information Act (FOIA) and not subject to mandatory disclosure under FOIA for those reasons.

Consequently, we have attached (as Attachment 1) an application for non-public treatment of the unredacted version of this document under 39 C.F.R. § 3011.201. In addition, we respectfully request that the Commission coordinate with the Postal Service in the event that the document becomes subject to any FOIA request so that we can engage in appropriate consultations with the affected foreign postal operators that also are parties to the agreement.

Please feel free to contact me if further information would be helpful.

Sincerely,

Jeffrey A. Rackow
Attorney

Att.

¹ We have not yet received the signature page from one operator, Australian Postal Corporation.

APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NONPUBLIC TREATMENT OF MATERIAL

In accordance with 39 C.F.R. § 3011.201, the United States Postal Service (“Postal Service”) applies for non-public treatment of the enclosed commercial agreement related to the improvement of international postal services, particularly express, packages and logistic services, among members of the Kahala Posts Group (“KPG”).¹ The Postal Service is transmitting the agreement to the Postal Regulatory Commission (“Commission”) in accordance with 39 U.S.C. § 407(d). A redacted version of the agreement is enclosed with this transmittal. The Postal Service furnishes the justification required for this application by 39 C.F.R. § 3011.201(c) below.

(1) The rationale for claiming that the materials are non-public, including the specific statutory provision(s) supporting the claim, and an explanation justifying application of the provision(s) to the materials.

The material designated as non-public information consists of data considered commercial in nature and third party business information which under good business practice would not be publicly disclosed pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3)-(4).² Because the portions of material filed non-publicly fall within the scope of information exempt from public disclosure, the Postal Service asks the Commission

¹ The KPG members are the United States Postal Service, Australian Postal Corporation, China Post Group, Correos y Telégrafos SAE, Hongkong Post, Japan Post Co., Ltd., Korea Post, Groupe La Poste, Royal Mail Group, Ltd., Thailand Post Co., Ltd., and Canada Post Corporation. The agreement is the KPG Strategic Services Agreement 2021.

² In appropriate circumstances, the Commission may determine the proper level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that “likely commercial injury” should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 4679, Order Adopting Final Rules Relating to Non-Public Information, Docket No. RM2018-3, June 27, 2018, at 16 (reconfirming that the adopted final rules do not alter this long-standing practice); PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

to support its determination that the material is exempted from public disclosure and grant its application for its non-public treatment.

(2) A statement of whether the submitter, any person other than the submitter, or both have a proprietary interest in the information contained within the non-public materials, and the identification(s) specified in paragraphs (b)(2)(i) through (iii) of this section [39 C.F.R. § 3011.201] (whichever is applicable). For purposes of this paragraph, identification means the name, phone number, and email address of an individual.

The Postal Service believes that the postal operator parties to the agreement are the only third parties with proprietary interests in the material. The Postal Service identifies as an appropriate contact person Vincent Mougey, Executive Director, KPG, Jubilee Center 9/F #905, 18 Fenwick Street, Wan Chai, Hong Kong. Mr. Mougey's phone number is +852 2528 6716, and his email address is vincent.j.mougey@usps.gov.³ The Postal Service has already informed the members posts of KPG, in compliance with 39 C.F.R. § 3011.200(b), about the nature and scope of this filing and about the postal operators' ability to address any confidentiality concerns directly with the Commission.

(3) A description of the information contained within the materials claimed to be non-public in a manner that, without revealing the information at issue, would allow the Commission to thoroughly evaluate the basis for the claim that the information contained within the materials are non-public.

Pursuant to 39 U.S.C. § 407(d), the Postal Service is transmitting an agreement with foreign postal operators which are agencies of foreign governments. The agreement includes specific targets and measurement of service objectives, targets,

³ 39 C.F.R. § 3011.201(b)(2)(ii) provides that, where a third party's identification is "sensitive or impracticable," another individual may be designated to provide notice to the third party as applicable. Under the present circumstances in which the third parties are foreign postal operators that are based abroad to conduct their businesses, it is impracticable to identify one individual who can receive and accept future notices of U.S. motions, subpoenas, or orders related to these materials on behalf of the foreign operators. Accordingly, the Postal Service identifies the individual above to provide such notices as applicable.

and/or levels of achievement for Standard (EMS) items; dispatch and delivery of Standard (EMS) items; End-to-End Standard (EMS) service items; electronic data interchange (EDI) events transmissions; Tracked Packet service; and End-to-End Economy (Air Parcels) service. The agreement also includes information concerning required KPG expenses and fees; information technology support, maintenance, and enhancement; and product market research. The Postal Service maintains that the redacted portions of the document should remain confidential.

(4) Particular identification of the nature and extent of the harm alleged and the likelihood of each alleged harm alleged to result from disclosure.

If the commercially sensitive information that the Postal Service determined to be protected from disclosure were to be disclosed publicly, there is a high likelihood that the Postal Service would suffer commercial harm. The Postal Service does not believe commercial information within the KPG agreement would be disclosed under good business practices. Competitors, which might include foreign postal operators as well as integrators, could use the targets and levels of achievement and financing information described in connection with Factor (3) above to assess any possible comparative vulnerabilities and to focus sales and marketing efforts on those areas, to the detriment of the Postal Service and the foreign postal operator parties to the agreement. Additionally, foreign postal operators or other potential customers could use the information to their advantage in negotiating the terms of their own agreements with the Postal Service and other KPG members. The Postal Service considers these to be highly probable outcomes resulting from the potential public disclosure of the redacted material.

Attachment 1 to Postal Service Letter Dated March 31, 2021

The agreement includes specific information concerning targets and levels of achievement and financing. All of this information is highly confidential in the business world. If this information were made public, Postal Service competitors, and competitors of the other postal operator parties, would be able to assess KPG's required targets and levels of achievement. This would enable competitors to take advantage of the information when setting their own targets and levels of achievement. Additionally, foreign postal operators or other potential customers could use such information to their advantage in the negotiation of their own agreements with the Postal Service. Eventually, this activity could freeze the Postal Service out of the expedited, packet, and parcel markets.

Information in the agreement also includes the sensitive commercial information of foreign postal operator members of KPG. Disclosure of such information could be used by competitors of those postal operators and provide a benchmark for the development of competitive alternatives.

Finally, information about KPG fees required to fund its activities is withheld on grounds that disclosure could provide insights to competing postal operators and integrators regarding certain costs of maintaining a similar type of association. Disclosure of such information would enable competitors to gain valuable intelligence to mimic a similar type of arrangement.

(5) At least one specific hypothetical, illustrative example of each alleged harm;

Harm: Public disclosure of performance metrics in the agreement would provide foreign postal operators that are not parties to the transmitted agreement with extraordinary negotiating power in negotiations with the Postal Service.

Hypothetical: The agreement is disclosed publicly on the Commission's website. A non-party postal operator sees the information and uses the publicly available information concerning targets and levels of achievement to the Postal Service's detriment in bilateral negotiations with the Postal Service over expedited, packet, and parcel services.

Harm: Public disclosure of information in the agreement, including information concerning KPG's strategic initiatives, would be used by the Postal Service's competitors, as well as competitors of the foreign postal operators that are parties to the agreement.

Hypothetical: A competing international delivery service obtains a copy of the unredacted version of the agreement from the Postal Regulatory Commission's website. The competitor analyzes the agreement to assess the targets and levels of achievement of the foreign postal operators and the Postal Service, as well as KPG's strategic initiatives. The competitor uses that information as a baseline to develop competitive alternatives.

Harm: Competitors would use performance thresholds to assess vulnerabilities and focus sales and marketing efforts to the detriment of the Postal Service and the other postal operators that signed the agreement.

Hypothetical: The information about targets and levels of achievement thresholds in the agreement is released to the public. Another delivery service's employee monitors the filing of this information and passes the information along to its sales and marketing functions. The competitor then uses this information as a comparison point, advertising

itself to potential customers as offering performance better than the Postal Service or another postal operator party.

Harm: Competitors could use information within the agreement to create competing associations mimicking the funding and activities of the association.

Hypothetical: Information about KPG fees required to fund the organization's activities is released on the Commission's website. Through disclosure of the costs of funding the organization's activities, competing postal operators or integrators can assess the financial feasibility of operating a competing organization or association. If so, a competing postal operator or integrator would use the information in the agreement as a template to create a model for a competing association and lure postal operators to the competing organization with promises of lower fees and lower achievement thresholds. Further, competitors could gain valuable intelligence to assess the costs borne by the KPG operators with respect to the administration of the association, and target their efforts at the markets which serve as the focus of KPG activities.

(6) The extent of protection from public disclosure deemed to be necessary;

The Postal Service maintains that the redacted portions of the material filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant markets for international expedited, packet, and parcel products (including postal operators and private sector integrators), as well as their consultants and attorneys. Additionally, the Postal Service believes that, with the exception of foreign postal operators that currently have access to this information, actual or potential customers of the Postal Service for parcels, packets, and expedited services or similar products should not be provided access to the non-public material.

(7) The length of time for which non-public treatment is alleged to be necessary with justification thereof.

Commission regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless otherwise provided by the Commission. 39 C.F.R. § 3011.401(a). However, because the Postal Service's relationships with postal operators often continue beyond ten years, the Postal Service intends to oppose requests for disclosure of the material pursuant to 39 C.F.R. § 3011.401(b)-(c).

(8) Any other factors or reasons relevant to support the application.

None.

Conclusion

For the reasons discussed, the Postal Service respectfully requests that the Commission grant its application for non-public treatment of the identified material.

STRATEGIC SERVICES AGREEMENT 2021

BETWEEN

AUSTRALIAN POSTAL CORPORATION

CANADA POST CORPORATION

CHINA POST GROUP CO. LTD.

CORREOS Y TELÉGRAFOS SAE

HONGKONG POST

JAPAN POST CO., LTD.

KOREA POST

GROUPE LA POSTE

ROYAL MAIL GROUP LTD

THAILAND POST CO., LTD.

AND

UNITED STATES POSTAL SERVICE

STRATEGIC SERVICES AGREEMENT

BETWEEN

**AUSTRALIAN POSTAL CORPORATION
CANADA POST CORPORATION
CHINA POST GROUP CO. LTD.
CORREOS Y TELÉGRAFOS SAE
HONGKONG POST
JAPAN POST CO., LTD.
KOREA POST
GROUPE LA POSTE
ROYAL MAIL GROUP LTD
THAILAND POST CO., LTD.
AND
UNITED STATES POSTAL SERVICE**

DATED the 8 December 2020

RECITALS

WHEREAS, the Australian Postal Corporation, Canada Post Corporation, China Post Group Co. Ltd., Hongkong Post, Japan Post Co., Ltd., Korea Post, Correos y Telégrafos SAE, Royal Mail Group Ltd, Groupe La Poste, Thailand Post Co., Ltd. and the United States Postal Service (the “KPG Full Members”) have entered into KPG Full Members Agreement (the “Agreement”) whereby they have agreed to work together to improve international postal services, particularly express and package services in the Asia-Pacific Rim and other regions under the name KPG, and their collaboration seeks to promote customer choice and improve service options for postal express and package services consistent with the laws that apply to them, and

WHEREAS, the Agreement provides that the undersigned postal operators have agreed to devote appropriate resources to develop a range of suitable products to meet the prevailing business needs and to achieve the service targets laid down for such products; and

WHEREAS, the Agreement provides that the CEO Board established in accordance with Article 4 of the Agreement (hereinafter “CEO Board”) and the Board of Directors established in accordance with Article 5 of the Agreement (hereinafter “Board of Directors”) may decide to undertake specific projects to achieve the purposes of the Agreement, and that such projects shall be the subject of separate agreements containing such terms and conditions as the members of KPG decide;

The undersigned postal operators hereby agree as follows:

OPERATIVE TERMS

1. Purpose

This Strategic Services Agreement ("SSA") describes a 'specific project' as defined in the Agreement, and establishes specific tasks and activities with respect to the management and operation of KPG, and the Standard (EMS) service, the Economy (Air Parcels) service, and the Tracked Packet service and other related business initiatives as defined herein for the period commencing on January 1, 2021, and ending on December 31, 2021.

2. Definitions

As used in this SSA, the following terms mean:

- A. Service Objectives—The amount of time, measured in Business Days, for the dispatch, delivery or end-to-end handling of Standard (EMS), Economy (Air Parcels) and [REDACTED] of Tracked Packet items.
- B. Target—The goal for successfully meeting the Service Objectives, expressed as a percentage of number of items meeting the Service Objectives compared to the total number of items.
- C. Level of Achievement—The actual performance against Target, expressed as a percentage of the number of items meeting the Service Objectives compared to the total number of items.
- D. Business Days—Mondays through Sundays, except statutory public holidays and any additional days designated by each postal operator as non-Working Days.
- E. Critical Acceptance Time—The latest time at which a customer can post a Standard (EMS) item.
- F. Critical Entry Time—The latest time at which Standard (EMS) items can be received from other KPG Members.
- G. KPG Member means all KPG Full Members and all KPG Associate Members as defined in the Agreement.

3. Application of Service Objectives, Targets, and Levels of Achievement for Standard (EMS) Service

- A. Each KPG Member shall establish a Critical Acceptance Time for the receipt of Standard (EMS) items from customers. Service Objectives, Targets, and Levels of Achievement for dispatch of Standard (EMS) items shall be measured from the Business Day of receipt of Standard (EMS) items received from customers before the Critical Acceptance Time. Service Objectives, Targets, and Levels of Achievement for dispatch of Standard (EMS) items shall be measured from the

next Business Day for items received from customers after the Critical Acceptance Time. Critical Acceptance Times may vary from post code to post code and by office of exchange from which or to which Standard (EMS) items may be dispatched.

- B. Each KPG Member shall establish a latest Critical Entry Time for the receipt of Standard (EMS) items from other KPG Members. Service Objectives, Targets, and Levels of Achievement for delivery of Standard (EMS) items shall be measured from the Business Day of receipt for Standard (EMS) items received from other KPG Members before the Critical Entry Time. Service Objectives, Targets and Levels of Achievement for delivery of Standard (EMS) items shall be measured from the next Business Day for Standard (EMS) items received from other KPG Members after the Critical Entry Time. Critical Entry Times may vary from post code to post code and by office of exchange at which Standard (EMS) items may be received.
- C. When Standard (EMS) items are submitted to customs for clearance, Service Objectives, Targets, and Levels of Achievement for Standard (EMS) items shall be measured [REDACTED]

4. Standard (EMS) Service Objectives

- A. Each KPG Member shall provide its Service Objectives for the outbound dispatch (leg 1) and the inbound delivery (leg 3) of Standard (EMS) items exchanged among KPG Members to the Board of Directors and the KPG Management Team. These Service Objectives may be amended unilaterally by the member concerned in accordance with agreed policies and standard operating procedures relative to database maintenance and updates.
- B. Pursuant to Article 22 (KPG Management Team), the KPG Management Team shall establish processes, policies and standard operating procedures to efficiently maintain Service Objectives for end-to-end delivery of Standard (EMS) items exchanged among KPG Members. The end-to-end Service Objectives shall be based on information supplied by the KPG Members.
- C. KPG Members are responsible for providing knowledgeable and accountable managers to submit updates to Service Objectives with high data integrity. Service Objectives for dispatch and delivery shall be competitive, according to criteria defined by the Board of Directors. It is the responsibility of KPG Members to keep the information upon which the end-to-end Service Objectives are based up to date and submit updates to the Service Objectives according to an agreed schedule, policies, and standard operating procedures relative to database maintenance and updates.

5. Target for Dispatch and Delivery of Standard (EMS) Items

KPG Members agree to maintain the dispatch (leg 1) and delivery (leg 3) of Standard (EMS) items at [REDACTED] consistent performance and transportation (leg 2) at [REDACTED] consistent performance.

6. Level of Achievement for Dispatch and Delivery of Standard (EMS) Items

Subject to Article 11 (Force Majeure), each KPG Member shall maintain a minimum Level of Achievement in accordance with Article 5 (Target for Dispatch and Delivery of Standard (EMS) items) of this SSA. Levels of Achievement for Standard (EMS) items shall be measured [REDACTED]

7. Target for End-to-End Standard (EMS) Service

The Target for end-to-end delivery of Standard (EMS) items shall be to achieve and maintain [REDACTED] consistent performance in meeting the end-to-end Service Objectives.

8. Level of Achievement for End-to-End Standard (EMS) Items

Subject to Article 11 (Force Majeure), each KPG Member shall maintain a minimum Level of Achievement for end-to-end Standard (EMS) items that is equal to or greater than the applicable Target listed in Article 7 for Standard (EMS) items. Levels of Achievement for end-to-end Standard (EMS) items shall be measured [REDACTED]

9. Measuring Standard (EMS) Service

- A. Each KPG Member shall establish, maintain, and operate a track and trace system that conforms to the agreed attributes for measurement systems determined by the Board of Directors.
- B. Each KPG Member shall ensure defined scan events and agreed other EDI messages are captured, transmitted and comply with specified attributes.
- C. Except as otherwise provided in this Article, each KPG Member agrees to achieve and consistently maintain a target of [REDACTED] for all EDI events transmissions.

10. Other Minimum Service Attributes for Standard (EMS) Service

Each KPG Member shall provide the following minimum service attributes for Standard (EMS) Service in addition to the Service Objectives, Targets, and Levels

of Achievement, either as specified herein, or as otherwise agreed by the Board of Directors in the 2021 KPG Business Plan, the KPG Services Guide and the KPG CS Manual:

- A. Upon application by the mailer, a full refund of postage paid by that mailer in the event of service failure;
- B. Proof of delivery consisting of name and signature of the person or representative of the entity receiving the shipment and associated date of delivery, unless the sender waives the signature requirement;
- C. Scheduled and/or on-demand pick-up service availability until close-of-business in Business Days at nominated major metropolitan areas;
- D. Scheduled and/or on demand pick-up service availability Saturdays and Sundays as applicable for each member;
- E. Customer ability to tender traffic at retail counters and receive calculated date of delivery at the time of lodgement;
- F. Customer ability to tender traffic at retail counters and receive calculated date of delivery in Business Days; and
- G. Ability to provide Standard (EMS) Service for all packages weighing up to 30 Kg. and respecting in-country dimensional limits.

11. Force Majeure

- A. KPG Member is not liable for failure to perform any of its obligations insofar as it proves:
 - i. that the failure was due to an impediment beyond its reasonable control; and
 - ii. that the member could not reasonably be expected to have taken the impediment and its effect upon its ability to perform into account at the time of product launch; and
 - iii. that it could not have reasonably avoided or overcome such an impediment, or at least its effects.
- B. An impediment within the meaning above can result from events such as the following, this enumeration not being exhaustive:
 - i. war, whether declared or not, civil war, riots and revolutions, acts of piracy, acts of sabotage, acts of terrorism;
 - ii. natural disasters, such as violent storms, cyclones, earthquakes, tidal waves, floods, destruction by lightening;

iii. explosions, fires, destruction of machines, of factories, and of any kind of installations;

iv. pandemic, including the effect of any binding governmental order or directive related to the management of a pandemic;

v. acts of authority, whether lawful or unlawful apart from acts for which the party seeking relief has assumed risk by virtue of other provisions of this SSA, and apart from internal strikes as described in paragraph C below; and

vi. external strikes which are strikes that do not involve the participating KPG Member itself, but nonetheless affects its ability to handle Standard (EMS) items or to provide transmission of data about such items. If an external strike takes place, the KPG Member can waive the guarantee of the inbound and outbound shipments for a period extending from the beginning of the external strike until two days after it is notified of the conclusion of the strike.

C. Internal strikes are defined herein as strikes within a member's organization, which causes disruption to processing of Standard (EMS) items or the provision of data about such items. If such an internal strike occurs, the member on strike cannot void the product guarantee for failing to meet standards of performance because of the internal strike.

D. A member wishing to apply for a waiver of product guarantee due to an event of force majeure must adhere to the following process:

i. the member must notify the other members by email within 24 hours of any event of force majeure becoming known; and

ii. the member shall make efforts to enter reason code 24 on all affected inbound and outbound items either individually or through batch flagging, depending on information technology capabilities and the possibility of using reason codes with scans other than EMSEVT Event Code EMH; and

iii. the affected member shall notify the other members when normal service has resumed and cease entering reason code 24 at that time.

12. Guarantee

Each KPG Member shall offer to its customers a guarantee for the delivery of Standard (EMS) items to other KPG Members that conforms to the guarantee adopted by the CEO Board. The guarantee shall take effect at such time and under such conditions as the CEO Board determines based on the recommendations of the Board of Directors.

13. Development of Economy (Air Parcels) Service

Each KPG Member shall provide the following minimum service attributes for the Economy (Air Parcels) Service in addition to the Service Objectives, Targets, and Levels of Achievement, either as specified herein, or as otherwise agreed by the Board of Directors in the 2021 KPG Business Plan, the KPG Services Guide and the KPG CS Manual:

- A. Ability to scan items at acceptance, departure from outward Office of Exchange, arrival at inward Office of Exchange and at delivery and ability to transmit data to designated information technology infrastructure as implemented by KPG;
- B. Proof of delivery consisting of the name and signature of the person or entity receiving the shipment and associated date of delivery;
- C. Scheduled and/or on-demand pick-up service availability on Business Days at nominated major metropolitan areas;
- D. Scheduled and/or on demand pick-up service availability Saturdays and Sundays as applicable for each member;
- E. Customer ability to tender traffic at retail counters Monday through Friday;
- F. Customer ability to tender traffic at retail counters Saturdays and Sundays as applicable for each member; and
- G. Ability to provide an economy service for all packages weighing up to 30 Kg. and respecting in-country dimensional limits.

14. Economy (Air Parcels) Service Objectives

End-to-end Service Objectives shall be competitive, according to criteria defined by the Board of Directors.

15. Target for End-to-End Economy (Air Parcels) Service

- A. The Target for end-to-end delivery of Economy (Air Parcels) items shall be [REDACTED] consistent performance in meeting the end-to-end Service Objectives. In addition, the Target of acceptance and delivery scan capture and transmission shall be [REDACTED]. Levels of Achievement for end-to-end Economy (Air Parcels) items shall be measured [REDACTED]
- B. Each KPG Member shall work toward achievement of the minimum service attributes for Economy (Air Parcels) service, either as specified herein or as otherwise agreed by the Board of Directors in the 2021 KPG Business Plan.

16. Development of Tracked Packet Service

Each KPG Member shall provide – in accordance with the lanes agreed by the Board of Directors - the following minimum service attributes for the Tracked Packet Service in addition to the Service Objectives, Targets, and Levels of Achievement, either as specified herein, or as otherwise agreed by the Board of Directors in the 2021 KPG Business Plan:

- A. Ability to scan items at acceptance, departure from outward Office of Exchange, arrival at inward Office of Exchange and at delivery and ability to transmit data to designated information technology infrastructure as implemented by KPG;
- B. Customer ability to tender traffic at retail counters Monday through Friday;
- C. Customer ability to tender traffic at retail counters Saturdays and Sundays as applicable for each member; and
- D. Ability to provide a Tracked Packet service for all items weighing up to 2 Kg. and respecting in-country dimensional limits.

17. Tracked Packet Service Objectives

End-to-end Tracked Packet Service Objectives shall be competitive, according to criteria defined by the Board of Directors.

18. Target for Measurement of the Tracked Packet Service

- A. The Target for end-to-end [REDACTED] of Tracked Packet items shall be [REDACTED] in meeting the end-to-end Service Objectives.
- B. In addition, KPG Members agree to maintain the dispatch (leg 1) and delivery (leg 3) [REDACTED] of Tracked Packet items at [REDACTED] and transportation (leg 2) [REDACTED]
- C. Each KPG Member shall work toward achievement of the minimum service attributes for the Tracked Packet service, either as specified herein or as otherwise agreed by the Board of Directors in the 2021 KPG Business Plan.

19. Operational Improvement Financing

Each KPG Member shall bear its own costs in developing, implementing, and maintaining its Service Objectives for items, achieving its Levels of Achievement to meet the Targets for items and maintaining service measurement and diagnostic systems. Each KPG Member shall bear its own costs in developing its compliance with the designated product specifications as agreed by the Board of Directors. Each KPG Member shall bear its own costs in taking remedial actions to achieve minimum Levels of Achievement as agreed by the Board of Directors in the 2021 Business

Plan. Each KPG Member shall also bear its own costs with respect to Article 23 (KPG Posts Integration Manager) below.

20. Administrative Support and Coordination

The Chairman of the KPG Board of Directors shall have responsibility for coordinating the activities provided for in this SSA. The KPG Management Team shall serve as the secretariat for the Board of Directors and shall be responsible for collecting information on the Board of Directors' behalf and preparing information for the CEO Board under the direction of the Board of Directors.

21. Administrative Support and Coordination Financing

The postal operator of the KPG Board of Directors Chairman shall bear the costs of local administrative support.

22. KPG Management Team

The Board of Directors shall establish a KPG Management Team (or Management Team) to provide day-to-day oversight and coordination of KPG activities and to do the day-to-day work of the Board of Directors. The KPG Management Team shall be led by a KPG Executive Director, and be otherwise structured as described in the 2021 KPG Business Plan, as endorsed by the Board of Directors. The Executive Director, who shall be responsible for the management of the remainder of the Management Team shall report to and be directed by the Board of Directors. The members of the Management Team shall either be seconded or furnished to KPG from its members or be retained under contract. The Management Team shall in principle operate on a day-to-day basis at a location determined by the Board of Directors based on a recommendation from the Executive Director. Additional support may be commissioned by the KPG Board of Directors as needed.

23. KPG Posts Integration Manager

Each KPG Member shall designate one person to serve as its KPG Posts Integration Manager to coordinate that member's KPG activities with the Board of Directors and the Management Team. Each KPG Posts Integration Manager shall have the responsibility for implementation of KPG decisions within the member postal operator.

24. KPG Management Team Financing

The expenses of the Management Team, including salaries and benefits of the members of the Management Team, shall be borne by KPG up to [REDACTED] in general and up to [REDACTED] for travel related expenses, for the period ending December 31, 2021. Each member shall contribute [REDACTED]

[REDACTED] to defray those expenses. The Board of Directors shall approve travel expenditure according to the agreed guidelines for travel expenses.

25. KPG Home Base

- A. The KPG Members agree that working meetings will be held in Hong Kong and to establish a bank account and central office for the KPG in Hong Kong.
- B. The cost of the establishment of a central office for KPG, and of associated operating costs, including accommodation and related expenses for co-located seconded staff, and the expenses of holding working meetings in either Hong Kong or Bangkok, shall be borne by the KPG up to a maximum of [REDACTED]. The expenditure of these funds shall be determined by the Board of Directors. Each member shall contribute [REDACTED] to defray those expenses.

26. Information Technology Support and Maintenance

- A. The Board of Directors shall maintain the information systems needed to support the Standard (EMS) service, the Economy (Air Parcels) service, tracked packets [REDACTED] and the product guarantee established in accordance with Article 12 (collectively, "KPG Systems"). KPG Systems shall include [REDACTED]
- B. KPG Members acknowledge that - as elements of their individual IT systems will deliver data to, and generally interface with elements of the KPG Systems - no changes, enhancements or modifications which could potentially affect or impact upon the performance of KPG Systems should be made to local systems or data of individual KPG Members, unless adequate prior notice of the proposed changes has been given to the KPG Management Team and to the KPG Board of Directors following agreed established processes.

27. Information Technology Support and Maintenance Financing

- A. The cost of maintaining the information systems shall be borne by KPG up to a maximum of [REDACTED]. The expenditure of these funds shall be determined by the Board of Directors. Each member shall contribute [REDACTED] to defray those expenses.
- B. In addition, KPG Members agree that costs associated with data management services, including data cleansing, shall be borne by the KPG Members concerned.

28. Information Technology Enhancements

The Board of Directors shall undertake activities to enhance the information technology to support KPG objectives. These projects shall include future

[REDACTED]

29. Information Technology Enhancements Financing

The expenses of the Information Technology Enhancement activities shall be borne by KPG up to [REDACTED] for future enhancement of existing systems. The expenditure of these funds shall be determined by the Board of Directors according to agreed guidelines. Each member shall contribute [REDACTED] to defray those expenses.

30. KPG Network Expansion Strategy

The Board of Directors shall undertake activities, as specified in the Business Plan, to expand the KPG network.

31. KPG Network Expansion Strategy Financing

The expenses of the KPG Network Expansion activities shall be borne by KPG up to [REDACTED]. The expenditure of these funds shall be determined by the Board of Directors. Each member shall contribute [REDACTED] to defray those expenses.

32. [REDACTED]

[REDACTED]

33. [REDACTED]

[REDACTED]

The expenses of the KPG [REDACTED] shall be borne by the KPG up to [REDACTED]. The expenditure of these funds shall be determined by the Board of Directors. Each member shall contribute [REDACTED] to defray those expenses.

34. Process Integration

The Board of Directors shall maintain updated reporting methodology and systems documentation.

35. Market Research

The Board of Directors shall undertake further strategic and marketing analysis for services to be provided by the KPG and shall develop and implement a further Strategic Services Agreement to take effect from January 1, 2022. The scope of this activity shall be determined by the Board of Directors. The results of the further strategic and marketing analysis shall be reflected in the business plan to be presented to the CEO Board no later than December 15, 2021. The further Strategic Services Agreement shall be completed as soon as practicable after completion of the business plan and presented to the CEO Board for signature no later than December 15, 2021.

36. Market Research Financing

The expenses of the Market Research activities related to the 2021 CEO Board's annual meeting and the annual Business Plan shall be borne by KPG up to a maximum of [REDACTED]. The expenditure of these funds shall be determined by the Board of Directors. Each member shall contribute [REDACTED] to defray those expenses.

37. Limitation of Activities

- A. Except as provided in paragraph B below, the activities provided for in this SSA shall be the only activities undertaken by the KPG until this SSA expires.
- B. The CEO Board may amend this SSA to authorize and fund other projects. Proposals for additional projects for the first half of 2021 shall in principle be submitted to the CEO Board by the end of January 2021. Other proposals for additional projects shall be submitted to the CEO Board before the CEO Board meeting in July 2021.

38. Administration of Receipts and Payments

A KPG Full Member postal operator, designated as Bursar by the Board of Directors shall be responsible for overseeing the disbursement of the payment or distribution of funds as appropriate.

39. Administration of Receipts and Payments Financing

The designated KPG Full Member acting as Bursar shall be reimbursed its expenses for administration of receipts and payments up to an annual amount of [REDACTED]. Each member shall contribute [REDACTED] to defray those expenses.

40. Funding of Business Plan and Payment of Expenses

Unless otherwise agreed by the Board of Directors, payment of all contributions specified in this Agreement shall be made to the bank account established by the Bursar on behalf of KPG as follows:

[REDACTED]

Payment shall be made no later than April 30, 2021.

41. Reserve Fund

All funds not expended during a particular year shall be kept as a reserve fund for the year following. During the year following, the Board of Directors shall either expend the resources of the reserve fund for any project which has been approved by the CEO Board or authorize the partial or full disbursement of these funds to their originators.

42. [REDACTED] – to Achieve the Anticipated Operational Efficiencies and Related Benefits to Customers

In order to achieve the operational efficiencies and related customer benefits contemplated by the Agreement and this SSA, [REDACTED]

[REDACTED]

[REDACTED]

43. Reallocation of Resources

In the event that the Board of Directors determines that funds allocated to a particular project under this SSA could be more effectively expended on a different project that is also included in this SSA, the Board may reallocate those funds as it deems appropriate, provided that the total expenditures do not exceed the total amount of funds authorized under this SSA.

44. Non-liability

The relationship created under this SSA does not constitute a partnership or like entity under any national or international law. No member may act as an agent for any other member except as specifically authorized by the Board of Directors or provided in this SSA or in any other KPG agreement. No member shall be liable for the acts or omissions of any other member with respect to the activities related to this SSA, nor, except as specifically provided in this SSA or any other KPG agreement, shall any member be entitled to any indemnity from any other member with respect to any act or omission with respect to the activities related to this SSA.

45. Entire Agreement; Nature of Agreement

- A. This SSA constitutes the entire agreement among the parties with respect to the specific matters dealt with herein. No previous understanding or agreement among the parties, or any of them, with respect to the specific matters contained herein (to include any commercial law agreements between the parties, but not any agreements purporting to be executed under international law) shall have any legal force or effect except as specifically incorporated in this SSA.
- B. The Parties acknowledge that, in accordance with relevant provisions of the Universal Postal Union Convention to which their countries are parties, aspects of the EMS, Air Parcel and Tracked Packet Services which are not expressly governed by this SSA, other KPG instruments, or any applicable bi-lateral agreements involving KPG Members, are intended to be subject to and governed by the appropriate provisions of the UPU Convention.
- C. The signatories acknowledge that this instrument sets out the terms and conditions of a mail exchange arrangement and is not an agreement entered into under or subject to international law. This SSA is only binding on the signatories and it is not binding on their governments.

46. Business Plan and Budget for 2022

The Board of Directors shall, by December 15, 2021, develop and submit to the CEO Board a business plan for calendar year 2022 and detailed budget for calendar year 2022 to support the business plan.

47. Effective Date and Duration

This SSA shall take effect on January 1, 2021 and shall remain in effect through December 31, 2021.

48. Regulatory Notice; Confidentiality

The Parties acknowledge that U.S. law may require the filing of this Agreement and supporting documentation (which may include related revenue, cost, weight, volume,

and electronic advance data exchanged between the U.S. Postal Service and counterparties) with the U.S. Postal Regulatory Commission ("Commission"), the U.S. Department of State, and the U.S. Government Accountability Office. Such required filings may include filing the Agreement and related information in the Commission docket for the Annual Compliance Report (ACR) for the U.S. Postal Service fiscal year(s) in which the Agreement is in effect. Each ACR docket has a distinct docket number, such as ACR20##, in which ACR20## signifies the U.S. Postal Service fiscal year to which the ACR pertains.


- A. The Parties executing this Agreement other than the U.S. Postal Service (hereinafter the "counterparties") authorize the U.S. Postal Service to determine the scope of information that must be made publicly available under U.S. law including under the Commission's rules.
- B. The U.S. Postal Service shall notify the counterparties of any such filing with the Commission on or before the date of filing.
- C. The counterparties further understand that any unredacted portion of the Agreement or supporting or referenced information may be available on the Commission's public website, www.prc.gov, and that they have the right to address any outstanding confidentiality concerns with the Commission directly. The procedure for making an application to the Commission for non-public treatment of materials believed to be protected from public disclosure is found at Title 39, U.S. Code of Federal Regulations, Part 3011, Subpart B, including sections 3011.201 and 3011.204. At the request of a counterparty, the U.S. Postal Service will provide the docket number of the Commission proceeding, if any, used in connection with this Agreement.
- D. The U.S. Postal Service may release Confidential information if such release is required by the Freedom of Information Act, 5 U.S.C. § 552 ("FOIA"), subject to USPS regulations regarding disclosures of business information set forth in 39 C.F.R. § 265.7 ("Confidential commercial information obtained from submitters"), or a successor provision dealing with similar matters or if such release is required in the reasonable judgment of the Postal Service under Title 39, U.S. Code.
- E. However, the Receiving Party shall, unless such notice is expressly prohibited, provide reasonable advance notice to the Disclosing Party in the event it intends to disclose information pursuant to this Article prior to such disclosure.

49. Counterparts & Agreement Date

This Strategic Services Agreement may be entered into by counterparts, all of which taken together shall constitute one and the same instrument. Any party may enter into this Strategic Services Agreement by executing any such counterpart. This Strategic Services Agreement shall be binding only on those parties which execute a counterpart.

SIGNING CLAUSES

AUSTRALIAN POSTAL CORPORATION	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

CANADA POST CORPORATION	
Signature of Authorized Representative	
Name of Authorized Representative	Doug Ettinger, CEO
Date of Signing	Dec. 17, 2020

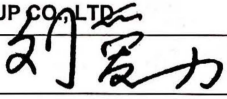
CHINA POST GROUP CO. LTD.	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

CORREOS Y TELEGRAFOS SAE	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

SIGNING CLAUSES

AUSTRALIAN POSTAL CORPORATION	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

CANADA POST CORPORATION	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

CHINA POST GROUP CO., LTD.	
Signature of Authorized Representative	
Name of Authorized Representative	LIU Aili
Date of Signing	2021.01.06


CORREOS Y TELEGRAFOS SAE	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

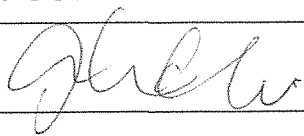
SIGNING CLAUSES

AUSTRALIAN POSTAL CORPORATION	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

CANADA POST CORPORATION	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

CHINA POST GROUP CO. LTD.	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

CORREOS Y TELEGRAFOS SAE	
Signature of Authorized Representative	
Name of Authorized Representative	JUAN MANUEL SERRANO
Date of Signing	4/01/2021

HONGKONG POST	
Signature of Authorized Representative	
Name of Authorized Representative	Ms Teresa Au
Date of Signing	21 December 2020

JAPAN POST CO., LTD.	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

KOREA POST	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

GROUPE LA POSTE	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

HONGKONG POST	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

JAPAN POST CO., LTD.	
Signature of Authorized Representative	夜川 和秀
Name of Authorized Representative	KINUGAWA Kazuhide
Date of Signing	29 January 2021

KOREA POST	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

GROUPE LA POSTE	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

HONGKONG POST	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

JAPAN POST CO., LTD.	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

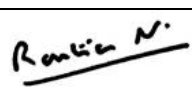
KOREA POST	
Signature of Authorized Representative	<i>Jungsu Song</i>
Name of Authorized Representative	Song, Jung su
Date of Signing	December 29 , 2020

GROUPE LA POSTE	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	


HONGKONG POST	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

JAPAN POST CO., LTD.	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

KOREA POST	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

GROUPE LA POSTE	
Signature of Authorized Representative	
Name of Authorized Representative	Nicolas ROUTIER
Date of Signing	December 18, 2020

ROYAL MAIL GROUP LTD	
Signature of Authorized Representative	

ROYAL MAIL GROUP LTD	
Signature of Authorized Representative	
Name of Authorized Representative	SIMON THOMPSON, CEO
Date of Signing	3-2-2021.

THAILAND POST CO., LTD.	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

UNITED STATES POSTAL SERVICE	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

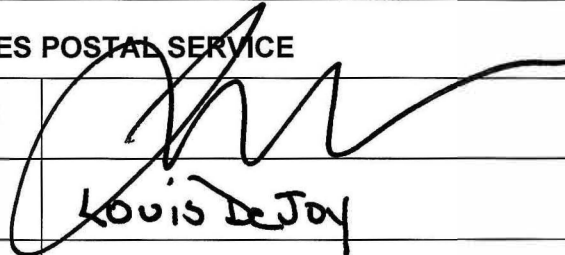
ROYAL MAIL GROUP LTD	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

THAILAND POST CO., LTD.	
Signature of Authorized Representative	<i>Kalong Subsaart</i>
Name of Authorized Representative	KALONG SUBSAART
Date of Signing	22 December 2020

UNITED STATES POSTAL SERVICE	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

ROYAL MAIL GROUP LTD	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

THAILAND POST CO., LTD.	
Signature of Authorized Representative	
Name of Authorized Representative	
Date of Signing	

UNITED STATES POSTAL SERVICE	
Signature of Authorized Representative	
Name of Authorized Representative	Louis DeJoy
Date of Signing	3/8/2021